Pete - please add a memo for your file

MILITARY AUDITS OF MARKET INFORMATION, INC.
1732 Wisconsin Ave., N.W. Washington, D.C. 20007 (202) 944-4030

July 11, 1986

Ms. Barbara Weinstein
Philip Morris USA
120 Park Avenue
New York, NY 10017

Dear Barbara:

This is a reminder that Military Audits is having an ever growing impact upon cigarette sales in commissaries. I am sure that your sales people are reporting this fact. As both AFCOMS and TSA reset tobacco departments, using the Military Audits Ranking Report, the "winners" and "losers" lists make it apparent who has the data and who doesn't. It is also very significant and important that AFCOMS will use the Military Audits Basic Report as the data base for their Spaceman program. The CRA or Maxwell are simply not a factor.

I know you are interested in the Doral brand as the forerunner of the generically priced name brands. Doral has shown an increase in share every month since Sept. '85, including each month since the Cambridge launch. It has passed Salem and is now the #2 brand in the competitor's stable.

We, like the military users of Military Audits, are interested in watching the launch of Cambridge. The difference in the price offered the Army vs. Air Force may, in part, be responsible for the fact that share in Army stores is 3.8 times greater than in Air Force stores. We do have one more month of data from the Army indicating that was your first sale. Taking comparable months, your placement in the Army has been generally better . . . your ACV distribution running 3.10 points ahead on the KSF LT's and 3.52 points on the 100 LT's.

We also note that the trend, noted earlier in the generics, for 100's to outsell the KSF in price-sensitive brands, continues with Cambridge. Cambridge 100 LT's is the leading brand style in both services, but, marginally more so in Air Force stores. The Doral 100's have a greater lead, over other Doral brand styles, than is yet to occur on the Cambridge brand. I strongly suspect the Cambridge splits between styles will shake out to follow military consumption patterns as

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Source: https://www.industrydocuments.ucsf.edu/docs/smyn0004

clearly established on other price brands.

The May report is now published and in the hands of our tobacco clients. It seems reasonable that Philip Morris genuinely needs to buy Military Audits. Further delay simply postpones the many advantages the data offers here and now, particularly with the Cambridge rollout. Our price of $48,000 includes a 12 month subscription to both the Basic Cigarette Report as well as the Manufacturers and Brand Style Ranking Report. You have samples of both. This is certainly a modest investment to protect and build a business that, in the 48 CONUS states alone, produced a market of 14,767,000 cartons and $93,000,000 for Philip Morris during the past 12 months.

I hope to hear from you. Best regards.

Sincerely,

Edward M. Downey
President

EMD:lr

cc: Ralph Atlas
Ray Ennis
Herman Green
Ted Costas
Arthur Goldfarb
Barry O'Brien √
John Zoler

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